Congressional Research Service
Informing the legislative debate since 1914

The Consumer Financial Protection Bureau Budget: Background, Trends, and Policy Options

Updated June 16, 2025

Congressional Research Service
https://crsreports.congress.gov
R48295

Congressional Research Service
Informing the legislative debate since 1914

The Consumer Financial Protection Bureau Budget: Background, Trends, and Policy Options

SUMMARY

R48295

June 16, 2025

Karl E. Schneider, Coordinator
Analyst in Financial Economics

Baird Webel
Specialist in Financial Economics

Graham C. Tufts
Research Assistant

The Consumer Financial Protection Bureau (CFPB) was created in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank, P.L. 111-203). Dodd-Frank specified that the CFPB would be funded outside of congressional appropriations through quarterly transfers from the Federal Reserve as requested by the CFPB. These transfer requests are constrained by an annual employment cost-adjusted funding cap, which has increased from $598 million in FY2013 to $823 million in FY2025.

The transfers from the Federal Reserve are not subject to congressional approval, and this degree of independence from Congress has been subject to congressional debate from the start. Congress does have oversight of different aspects of the CFPB, including the budget, with the ability to question the director on the budget during semiannual hearings on the CFPB and annual audits from the Government Accountability Office, with the results reported to Congress. Some other financial regulators are also funded outside of the congressional appropriations. However, those agencies generally cover their costs with funds collected as fees or assessments from other regulated entities or investment income. In 2024, in *CFPB vs. Community Financial Services Association of America (CFSA)*, the Supreme Court ruled that the CFPB's funding structure is constitutional, but that ruling does not preclude further congressional legislation to modify the CFPB's funding or budget.

Overall, CFPB funding requests from the Federal Reserve have grown from $161 million in FY2011 to $729 million in FY2024, but such requests have been cyclical with changing bureau leadership. All the transfer requests have been below the funding cap, but the difference between the requests and the cap have generally declined from $282 million at its height in FY2018 to $30 million in FY2023, with a slight uptick to $56 million in FY2024. Often, the CFPB has not spent the entirety of the funding provided toward its operations, leaving money for *unobligated balances* that it can keep in reserve. The unobligated balances in the Bureau Fund used for general expenses stood at $350 million in April 2025—those in the Civil Penalty Fund totaled $428 million in FY2025. When looking at budgetary growth by division type since 2014, the CFPB's budget has disproportionately grown in the Office of the Director; Consumer Response and Education; and Research, Markets, and Regulations. CFPB budget growth since 2014 has been driven by growth in total employee salaries and benefits as opposed to contractual services or other types of spending. Overall spending and possibly the composition of spending may change under Acting Director Vought and the second Trump Administration. Vought has proposed a reduction in force (RIF) of CFPB staff from roughly 1,700 to 200, which would reduce the CFPB's budget but may impact agency operations. This RIF is currently stayed and the subject of ongoing litigation.

Compared to other financial regulators' overall budgets, the CFPB experienced much-higher-than-average budgetary growth from FY2011 to FY2017, when the agency was first starting operations; below-average growth from FY2017 to FY2020 following a leadership change and slowing of hiring; and above-average growth from FY2020 to FY2023, following another leadership change. Comparing the growth in overall and supervisory budgets between FY2014—when CFPB funding began to plateau—and FY2024, the CFPB is generally comparable to larger financial regulators. The relatively large swings in the CFPB's budget growth may be driven by the unique funding structure of the CFPB in concert with the unilateral control of the director to set much of the budget and spending priorities.

Congress has a number of different policy options on the CFPB's funding and budget, and several bills have been considered over the years. In the 119th Congress, H.R. 1, which passed the House, would reduce the cap on funding that the CFPB could request annually from the Federal Reserve and mandate that the CFPB transfer certain unobligated balances to the Treasury General Fund. H.R. 654 would bring the CFPB into the authorization and appropriations process for FY2026 and FY2027. Other legislation would functionally eliminate the CFPB, without additional appropriations, by changing the funding cap to $0 (S. 303 and H.R. 814) or directly eliminate the CFPB (H.R. 1603). H.Res. 259 would inquire into CFPB correspondence with the Department of Government Efficiency and actions to decrease employee head count.

Contents

Figures

Tables

Appendixes

Contacts

Introduction

Congress created the Consumer Financial Protection Bureau (CFPB) as an independent bureau within the Federal Reserve System in the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank, P.L. 111-203) to "regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws."[1] The CFPB was created with several organizational characteristics that provided it with a relatively high degree of independence from both congressional and presidential control.[2] Of particular note—and the subject of this report—is the CFPB's unique funding structure. In contrast to most federal agencies, and to insulate the CFPB from congressional and presidential influence, the CFPB budget is not provided by annual congressional appropriations. Instead, the bureau's funding is distributed quarterly from the Federal Reserve according to the amounts requested by the CFPB director but subject to an overall funding cap adjusted annually by an employment cost index. In general, Federal Reserve net income is remitted to the Treasury's General Fund, which is the same source from which most appropriations are drawn. Thus, having the CFPB draw funding from the Federal Reserve has the same budgetary impact as having the CFPB funded from the General Fund but without the annual congressional control of the amount of funding that occurs in the annual appropriations process.

Other federal financial regulatory agencies[3] also have funding mechanisms outside of congressional appropriations, as well as other characteristics intended to enhance their day-to-day independence from the President and Congress. In general, this independence is intended to help shield the agencies from political considerations when carrying out their mandates, theoretically freeing them to be guided more fully by technical expertise insulated from outside direction. At the same time, financial policymaking involves both technical expertise and political trade-offs that require democratic input, and independence also generally has the effect of reducing the accountability of agencies to elected officials.[4]

The annual appropriations process provides the President and Congress with the opportunity to review an agency's performance and recalibrate its priorities to better accord with those of elected officials.[5] Congress might influence the activities of agencies by reallocating resources or placing limitations on appropriated funds to better reflect congressional priorities. Through line-item funding, bill text, or accompanying committee report text, Congress can encourage, discourage, require, or forbid specific activities at an agency, including rulemaking. Alternatively, it can adjust an agency's overall funding level or amounts spent on specific activities if it is supportive

[1] P.L. 111-203, §1011. For more on the CFPB generally, see CRS In Focus IF10031, *Introduction to Financial Services: The Consumer Financial Protection Bureau (CFPB)*, by Cheryl R. Cooper and David H. Carpenter.

[2] For more on this independence among federal financial regulators, see CRS Report R43391, *Independence of Federal Financial Regulators: Structure, Funding, and Other Issues*, by Henry B. Hogue, Marc Labonte, and Baird Webel.

[3] For purposes of this report, *federal financial regulators* refers to the Federal Reserve, Office of the Comptroller of the Currency, CFPB, Securities and Exchange Commission, Federal Deposit Insurance Commission, Commodity Futures Trading Commission, Federal Housing Finance Agency, and National Credit Union Administration.

[4] For greater discussion of the CFPB's general accountability measures and whether they are sufficient or further measures such as congressional appropriations are needed, see Susan Block-Lieb, "Accountability and the Bureau of Consumer Financial Protection," *Brooklyn Journal of Corporate, Financial and Commercial Law*, 2013; testimony of Brian Johnson, Managing Director, Patomak Global Partners, LLC, in U.S. Congress, House Financial Services Committee, Subcommittee on Financial Institutions and Monetary Policy, 118th Cong., April 16, 2024; Conrad Z. Zhong, "A New Way to Fund the Consumer Financial Protection Bureau," *Business Law Journal*, UC Davis School of Law, vol. 18 (November 2017).

[5] For more on the appropriations process, see CRS Report R47106, *The Appropriations Process: A Brief Overview*, by James V. Saturno and Megan S. Lynch.

or unsupportive of the agency's mission or conduct.[6] Congress can still make policy changes by amending authorizing statutes, but the appropriations process provides an annual opportunity to make regular, required changes.

The CFPB's precise funding mechanism is unique among financial regulators and has been controversial since the start of the agency, with numerous bills aimed at changing the funding structure as well as court challenges, none of which has been successful.[7] For more on court challenges to the CFPB's budget, see the text box on page 4.

This report first describes the CFPB's funding structure and the history of its funding levels and agency size.[8] It breaks down changes in the CFPB in terms of overall spending levels, number of employees, and funding cap. Additionally, it compares the funding structure and budget trends to other financial regulators. Finally, the report offers some policy options for Congress on the CFPB's funding and budget to keep funding as is, move the CFPB's funding to congressional appropriations, or other changes.

Overview of CFPB Funding

Dodd-Frank provides that the director of the CFPB is to determine the funding "reasonably necessary to carry out the authorities of the Bureau,"[9] and the Board of Governors of the Federal Reserve is required to transfer this amount to the CFPB subject to the following cap codified at Title 12, Section 5497, of the *U.S. Code*:

> **(2) Funding cap**
>
> (A) In general
>
> Notwithstanding paragraph (1), and in accordance with this paragraph, the amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses of the Federal Reserve System, as reported in the Annual Report, 2009, of the Board of Governors, equal to-
>
> (i) 10 percent of such expenses in fiscal year 2011;
>
> (ii) 11 percent of such expenses in fiscal year 2012; and
>
> (iii) 12 percent of such expenses in fiscal year 2013, and in each year thereafter.
>
> **(B) Adjustment of amount**
>
> The dollar amount referred to in subparagraph (A)(iii) shall be adjusted annually, using the percent increase, if any, in the employment cost index for total compensation for State and local government workers published by the Federal Government, or the successor index thereto, for the 12-month period ending on September 30 of the year preceding the transfer.

---

[6] Members of Congress may still attempt to attach "policy riders" related to unappropriated agencies to appropriation bills, but this tactic has rarely been successful with regard to the CFPB.

[7] See H.R. 557 in the 112th Congress, shortly after the establishment of the CFPB, which would have moved CFPB funding to congressional appropriations.

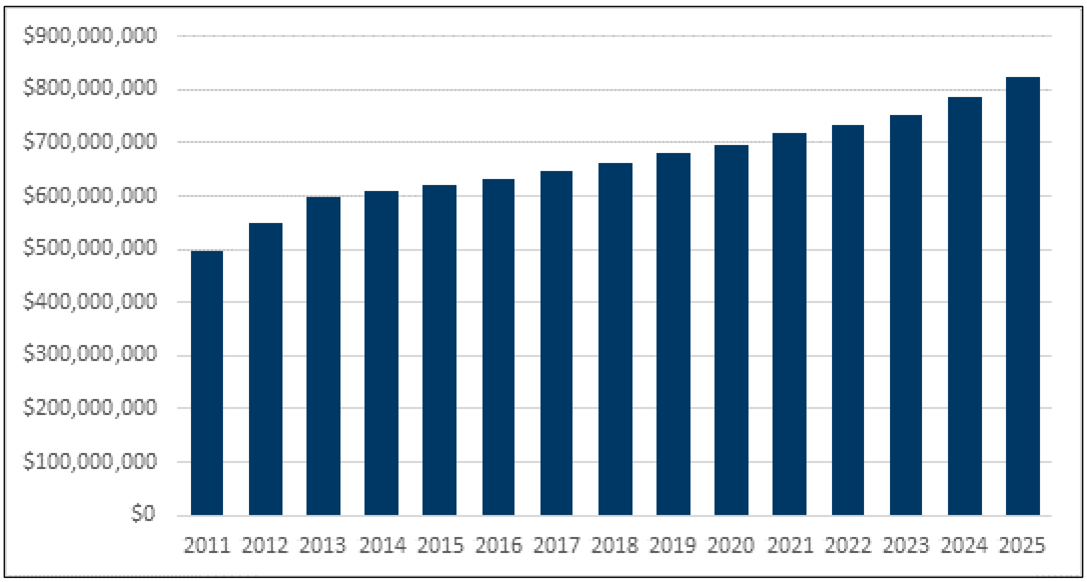
[8] This report does not discuss the CFPB's broader structure or its regulatory authorities. For more generally on the CFPB's structure and a broader overview see CRS In Focus IF10031, *Introduction to Financial Services: The Consumer Financial Protection Bureau (CFPB)*, by Cheryl R. Cooper and David H. Carpenter. For a broader discussion of financial regulators' independence with regard to funding and leadership, see CRS Report R43391, *Independence of Federal Financial Regulators: Structure, Funding, and Other Issues*, by Henry B. Hogue, Marc Labonte, and Baird Webel. For information on specific CFPB rules, see CRS In Focus IF12751, *The Consumer Financial Protection Bureau (CFPB) Finalizes Rule for a Registry of Nonbank Covered Orders*, by Karl E. Schneider.

[9] 12 U.S.C. §5497(a)(1).

The amount referred to as "the total operating expenses of the Federal Reserve System, as reported in the Annual Report, 2009," was a known amount when Dodd-Frank was enacted in July 2010. The 2009 annual report was published in May 2010 and reported the total operating expenses as $4.98 billion. Thus, the initial caps were $498 million for FY2011, $547.8 million for FY2012, and $597.6 million for FY2013 (10%, 11%, and 12% of the 2009 figure, respectively). Adjusted for the employment cost measure in the law, the cap is projected to increase to $823 million for FY2025, as reported by the CFPB.[10] The CFPB was authorized in Dodd-Frank to request additional appropriations from Congress in specific amounts until 2014, but the CFPB did not do so, nor has any money been appropriated by Congress for the CFPB since its creation. **Figure 1** below shows the funding cap over time.

Figure 1. CFPB Funding Cap

FY2011-FY2025



Source: Data compiled by CRS from CFPB annual financial reports. FY2025 is not a projection as it is calculated using the formula specified in Dodd-Frank.

The statute specifies that the amounts transferred from the Federal Reserve "shall not be subject to review by the Committees on Appropriations of the House of Representatives and the Senate."[11] These amounts are to be deposited in a separate fund (known as the Bureau Fund) held at a Federal Reserve bank, and the statute specifies that the amounts held in this fund "shall not be construed to be Government funds or appropriated monies."[12] Although the CFPB is formally a bureau of the Federal Reserve and receives its funding from the Federal Reserve, the Federal Reserve has no control over the CFPB—it operates entirely independently, with the exception of sharing an Office of Inspector General, appointed by the chairman of the Federal Reserve.[13] In

[10] CFPB, *Annual Performance Plan and Report, and Budget Overview*, February 2024, p. 11, https://files.consumerfinance.gov/f/documents/cfpb_performance-plan-and-report_fy24.pdf#page=12.

[11] 12 U.S.C. §5497(a)(2)(C).

[12] 12 U.S.C. §5497(c)(2).

[13] "The Inspector General of the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection shall have all of the authorities and responsibilities provided by this Act with respect to the Bureau of Consumer Financial Protection, as if the Bureau were part of the Board of Governors of the Federal Reserve System" (5 U.S.C. §415).

addition to the Bureau Fund, a separate Civil Penalty Fund was created to hold penalties assessed by the CFPB and to be used primarily for payments to victims, but it may also be used for consumer education and financial literacy.

Supreme Court Ruling and Ongoing Litigation

The CFPB's funding structure has been the subject of litigation. Specifically, certain opponents of the funding structure argued that the CFPB's funding structure was unconstitutional because it circumvented Congress' power of the purse in violation of the Appropriations Clause and the separation of powers.[14]

In May 2024, in *CFPB vs. Community Financial Services Association of America (CFSA)*, the Supreme Court rejected this argument, holding that the CFPB's funding structure is constitutional.[15] Relying on the Constitution's text, history, and congressional practice, the Court concluded that the CFPB funding is a valid appropriation, even though it is structured outside of annual congressional control. This 7-2 decision reversed a previous ruling by U.S. Court of Appeals for the Fifth Circuit.[16]

Notwithstanding the Supreme Court's ruling, Congress still has the ability to modify the CFPB's funding structure in the future. Congressional reaction to the decision was mixed, with some hailing the ruling as confirmation that the CFPB is constitutionally funded, while others referred to the ruling as a "setback" and called for legislative action to modify the CFPB's funding structure.[17]

The *CFSA* ruling has not halted other challenges to the CFPB's funding structure. For example, a payday lender, Ace Cash Advance, petitioned a federal court to dismiss a CFPB enforcement action because the CFPB's funding is unconstitutional for different reasons than those addressed by the Supreme Court in *CFSA*. Specifically, Ace Cash Advance alleged that CFPB enforcement actions, which are funded via transfers from the Federal Reserve, are unconstitutional when brought while the Federal Reserve is operating at a net loss. This litigation and others involving similar arguments have thus far been unsucessfull.[18]

Congressional Oversight

Because of the structure of the CFPB's budget, congressional oversight is limited compared to congressionally appropriated agencies. Some would argue that the independence of the CFPB budget helps preserve its broader independence from Congress and is a key feature of the CFPB's structure. The Government Accountability Office (GAO) conducts annual audits of the CFPB's financial statements to help ensure accuracy and internal control of financial reporting.[19] Separately in 2014 and 2020, Congress has requested audits by the inspector general for the

[14] The Appropriations Clause in Article I, Section 9, Clause 7, of the U.S. Constitution states, "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time." See also Adam J. White, "The CFPB's Unconstitutional Exemption from Congress's Power of the Purse," American Enterprise Institute, April 16, 2024, https://www.aei.org/research-products/testimony/the-cfpbs-unconstitutional-exemption-from-congresss-power-of-the-purse/.

[15] *Consumer Financial Protection Bureau v. Community Financial Services Association of America*, 22-448 (2024).

[16] For more on this topic, see CRS Legal Sidebar LSB10891, *Fifth Circuit: CFPB's Funding Authority is Unconstitutional*, by Sean Stiff and David H. Carpenter.

[17] House Financial Services Committee Democrats, "Maxine Waters, Ranking Member, Applauds Supreme Court Decision to Uphold Constitutionality of Consumer Financial Protection Bureau," press release, May 16, 2024, https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=411494; House Financial Services Committee, "McHenry Statement Regarding SCOTUS Ruling on CFPB Funding Structure," press release, May 16, 2024, https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=409264.

[18] Kate Berry, "New Wave of Challenges to CFPB's Funding Gains Steam," *American Banker*, August 19, 2024, https://www.americanbanker.com/news/new-wave-of-challenges-to-cfpbs-funding-gains-steam. See also *State of Texas vs. Colony Ridge, Inc., et al.*, (United States District Court, Southern District of Texas Houston Division 2024).

[19] For one example of these reports, see GAO, *Financial Audit: Consumer Financial Protection Bureau's FY 2023 and FY 2022 Financial Statements*, GAO-24-106737, November 15, 2023, https://www.gao.gov/products/gao-24-106737.

Federal Reserve and the CFPB regarding different aspects of the CFPB's budget.[20] The permanent CFPB director also requires Senate confirmation, meaning Senators can assess a director's alignment to their own priorities in terms of the budget and other policies during the confirmation process. As a part of its semiannual report to Congress, the CFPB generally includes a justification for and information on its budget requests, but there is no formal review or approval.[21] During the CFPB director's planned testimony in front of the Senate and the House of Representatives related to that report, Members of Congress can and often do ask the director about the CFPB's budget.[22]

Overall Trends in the CFPB Budget

Dodd-Frank created the CFPB upon enactment in 2010, with full authorities transferred to the bureau in July 2011. It first posted annual financial reports for FY2011, although a small amount of funding was transferred from the Federal Reserve in FY2010. This section draws from various years' financial reports.[23] This section includes seven different figures:

- **Figure 2** graphs the funding requests from the CFPB to the Federal Reserve.
- **Figure 3** shows the difference between the CFPB's funding requests and the funding cap each year.
- **Figure 4** graphs the amount obligated by the CFPB over time from the Bureau Fund and Civil Penalty Fund. **Figure 5** graphs such changes looking at only the obligated funds from the Bureau Fund, adjusted by the Total Nondefense GDP deflator.
- **Figure 6** and **Figure 7** graph the unobligated balances from the Bureau Fund and the Civil Penalty Fund, respectively.
- **Figure 8** graphs the total number of employees at the CFPB over time.

Figure 2 shows the funding transferred from the Federal Reserve over time and the projected amounts according to the CFPB's FY2024 budget request. The total amount transferred in a given year does not translate to total spending in that year, and some amounts remain as *unobligated balances* and are usable in future years. Dodd-Frank specifies that the CFPB funds "shall remain available until expended"[24] and "shall not be subject to apportionment for purposes of chapter 15 of title 31 or under any other authority."[25]

---

[20] For examples of those responses to congressional requests, see Jackie Ogle et al., *The Bureau's Budget and Funding Processes*, Federal Reserve Office of Inspector General, July 20, 2020, https://oig.federalreserve.gov/reports/bureau-budget-funding-processes-jul2020.pdf; Federal Reserve Office of Inspector General, *Response to the January 29, 2014, Congressional Request Regarding the CFPB's Headquarters Renovation Project*, June 30, 2014, https://oig.federalreserve.gov/reports/cfpb-congressional-request-headquarters-renovation-project-jun2014.pdf.

[21] For example, see CFPB, *Semi-Annual Report of the Consumer Financial Protection Bureau*, June 4, 2024, pp. 77-79, https://files.consumerfinance.gov/f/documents/cfpb_semi-annual-report_2024-06.pdf.

[22] U.S. Congress, House Financial Services Committee, *The Semi-Annual Report of the Bureau of Consumer Financial Protection*, committee print, 118th Cong., June 14, 2023.

[23] These reports can collectively be found on the CFPB website at https://www.consumerfinance.gov/about-us/budget-strategy/financial-reports/. For FY2011, the CFPB chose to post the GAO audit of this report, which contained the CFPB report embedded in it. In this case, the page numbers cited in the following footnotes are from the original CFPB reports.

[24] 12 U.S.C. §5497(c)(1).

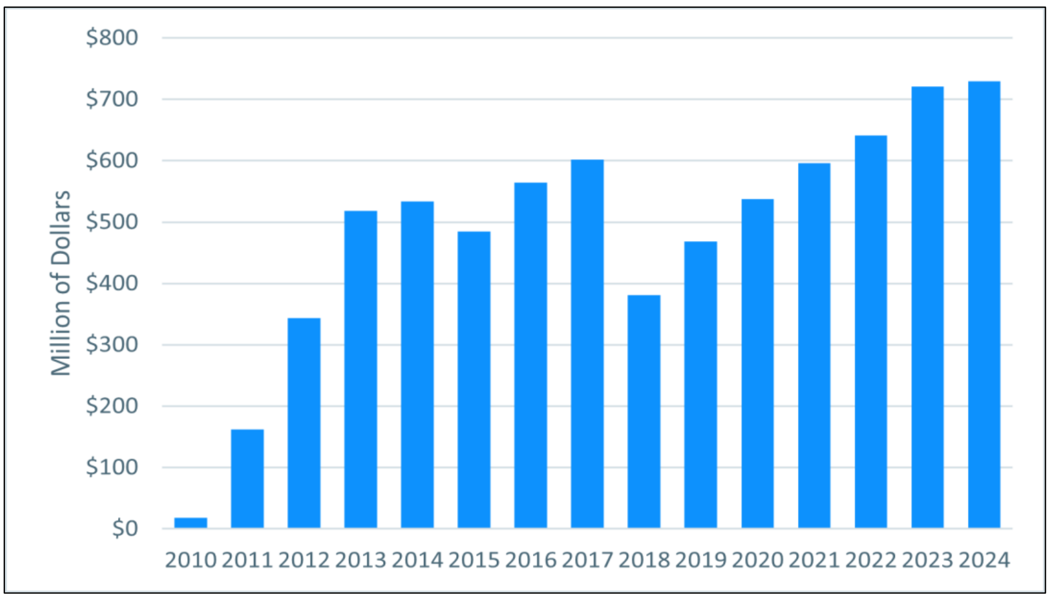
[25] 12 U.S.C. §5497(c)(3).

The CFPB budget grew from $32 million in FY2010 to $518 million in FY2013 as the CFPB began hiring staff and commenced operations. There was a reduction in funding transferred between FY2017 and FY2018, as then-Acting Director Mick Mulvaney chose not to request funding from the Federal Reserve for the second quarter of FY2018 and instead used unobligated funds.[26] From FY2018 to FY2023, the CFPB's budget requests steadily grew each year with year-to-year increases between $8 million and $87 million.

For FY2024, the CFPB received a total of $729.4 million in transfers from the Fed, compared to its $785.4 million statutory cap for that year. The CFPB's projected budget estimate under former-Director Chopra for its operations in FY2025 was $810.6 million. In January 2025, President Trump fired then-Director Chopra, and in February 2025 he designated Russell Vought, director of the Office of Management and Budget, as acting CFPB director. Vought indicated that he will not request additional funds from the Federal Reserve for FY2025, as the existing balance of the reserves, he wrote, were "more than sufficient—and are, in fact, excessive" to carry out the duties of the CFPB.[27] No formal projections of budgetary need have been released. Chopra had already requested funds from the Federal Reserve for the first and second quarters of FY2025.[28]

Figure 2. CFPB Funding Request from the Federal Reserve

FY2010-FY2024



Source: CRS. Data from CFPB annual financial reports.

Figure 3 shows the difference between the funding cap displayed in **Figure 1** and the actual funding requested by the CFPB in **Figure 2**. This difference was greatest in FY2011, as the CFPB

[26] Mick Mulvaney, Acting Director, CFPB, letter to the Hon. Janet Yellen, Chair, Federal Reserve, January 17, 2018, https://files.consumerfinance.gov/f/documents/cfpb_fy2018_q2_funding-request-letter-to-frb.pdf.

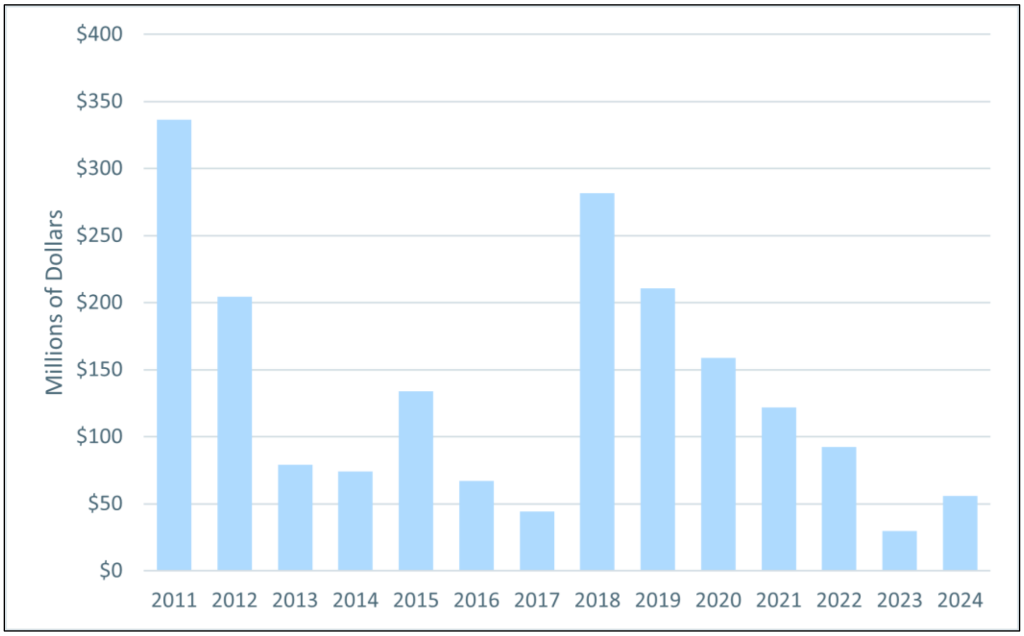
[27] Letter from Russell T. Vought, Acting Director, CFPB, to the Hon. Jerome H. Powell, Chairman, Board of Governors of the Federal Reserve System, February 8, 2025, https://files.consumerfinance.gov/f/documents/cfpb_letter-from-frb-to-cfpb_2025-02.pdf.

[28] Letter from Rohit Chopra, Director, CFPB, to the Hon. Jerome Powell, Chair, Board of Governors of the Federal Reserve System, December 19, 2024, https://files.consumerfinance.gov/f/documents/cfpb-12-19-letter-from-cfpb-to-frb_2025-01.pdf; letter from Rohit Chopra, Director, CFPB, to the Hon. Jerome Powell, Chair, Board of Governors of the Federal Reserve System, October 8, 2024, https://files.consumerfinance.gov/f/documents/cfpb_funds-transfer-request-fy-2025-q1.pdf.

was in its infancy. This difference spiked again in FY2018 as a result of the quarter without a CFPB funding request. Following FY2018, this difference declined until FY2023, when the difference stood at $30 million. In FY2025, the difference was projected to be $12.5 million under the previous Administration. The budget has substantially changed under the current Administration, but no new projections have been released.

Figure 3. Difference Between CFPB Funding Cap and Request

FY2011-FY2024



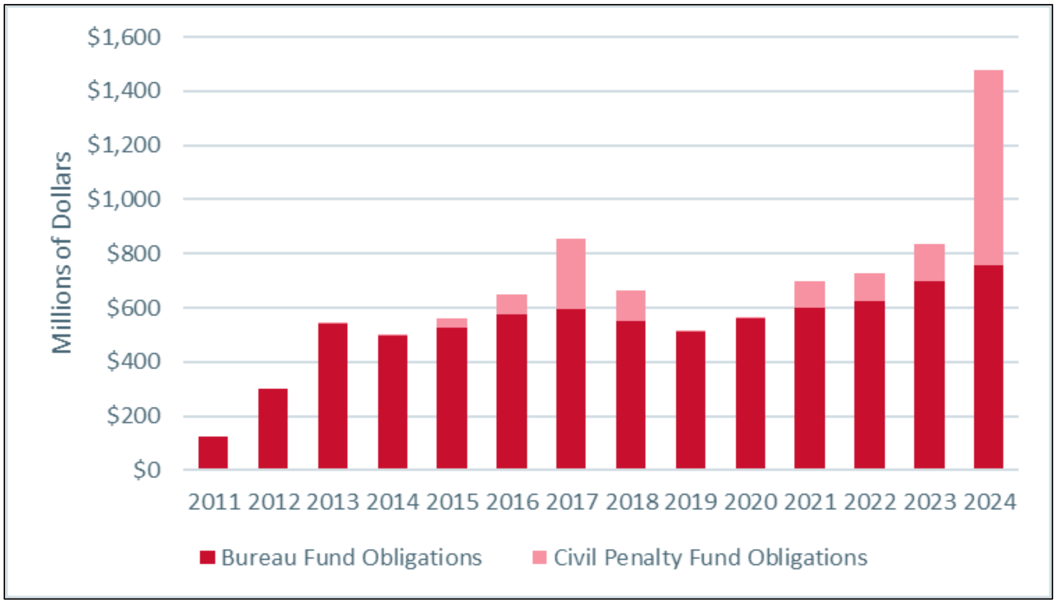
Source: CRS. Data from CFPB annual financial reports.

Figure 4 shows the funding obligated by the CFPB over time. For the first few years, and then again in 2019 and 2020, practically all obligations were incurred by the Bureau Fund. For FY2024, the spike in Civil Penalty Fund obligations was related to "distributions to harmed consumers and related contract administrative and support services,"[29] according to the CFPB.

[29] CFPB, *Financial Report of the Consumer Financial Protection Bureau: Fiscal Year 2024*, November 14, 2024, https://files.consumerfinance.gov/f/documents/cfpb_financial-report-fy-2024.pdf.

Figure 4. CFPB Obligated Funding

FY2011-FY2024



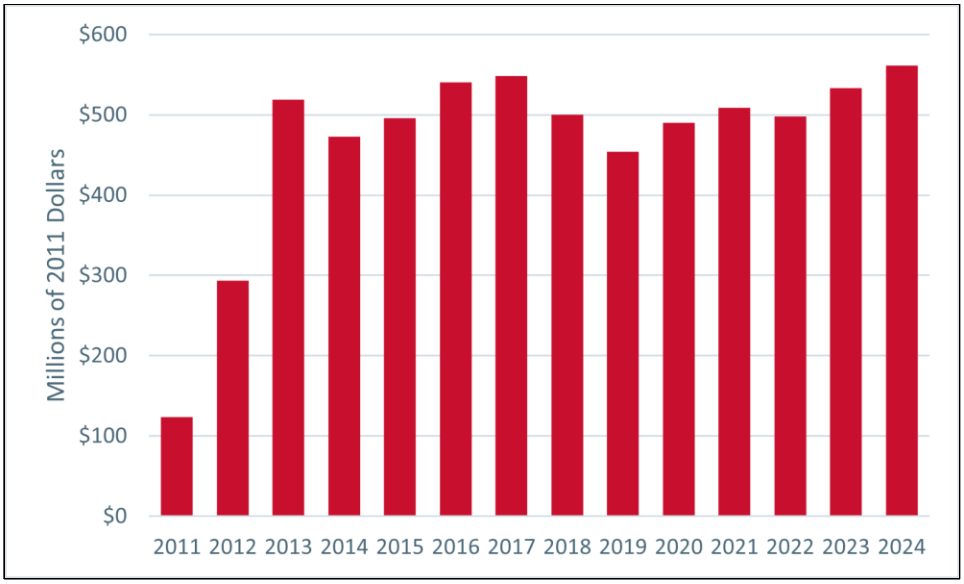
Source: CRS. Data from CFPB annual financial reports.

Figure 5 adjusts the Bureau Fund obligations using a deflator for growth in total nondefense outlays to adjust for rising salaries and other costs.[30] The result is that the increases in obligations from FY2019 to FY2024 are more measured compared to earlier years. Using this measure, obligations surpassed FY2017 levels only in FY2024.

[30] Office of Management and Budget, "Table 10.1—Gross Domestic Product and Deflators Used in the Historical Tables: 1940-2029," available for download at https://www.whitehouse.gov/wp-content/uploads/2024/03/hist10z1_fy2025.xlsx.

Figure 5. Bureau Fund Obligations, Adjusted for 2011 Dollars

FY2011-FY2024



Source: CRS. Data from CFPB annual financial reports and adjusted using a deflator created by the Office of Management and Budget.

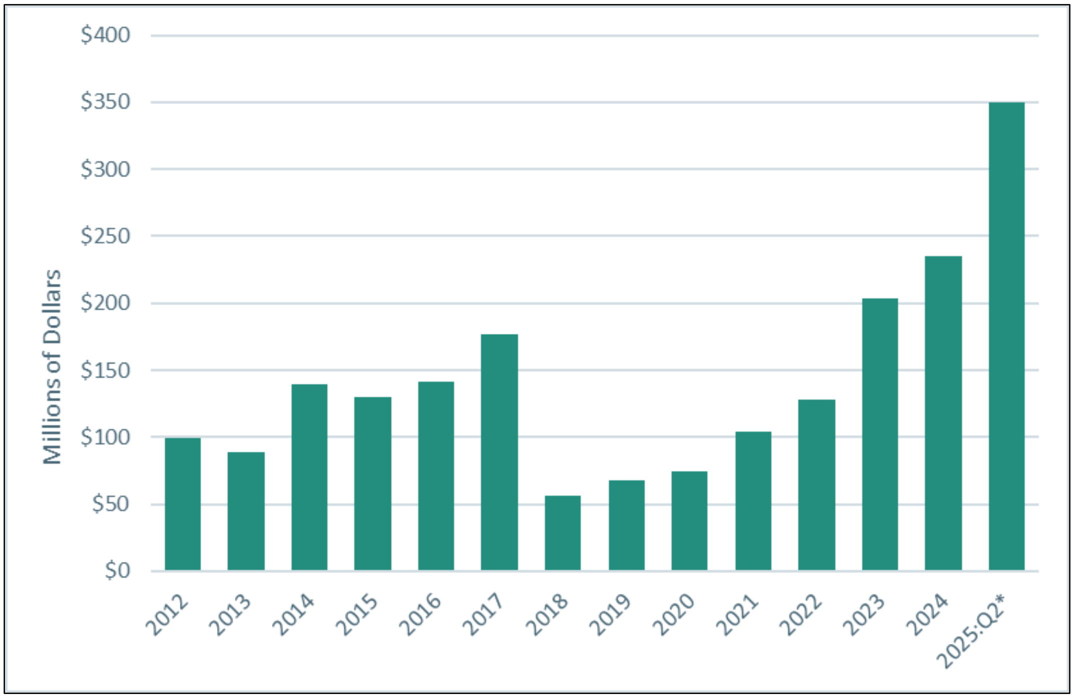
The CFPB's unobligated funds are split into two different funds—those from enforcement actions known as the Civil Penalty Fund and those from unobligated balances from the Federal Reserve balances referred to as the Bureau Fund. **Figure 6** depicts the amount in the Bureau Fund. As discussed above, the unobligated balances from the Bureau Fund are immediately available to the CFPB and can be used to pay CFPB expenses. There was a $120 million decrease between FY2017 and FY2018, as then-Acting Director Mulvaney chose not to request a Federal Reserve transfer and instead drew down the unobligated balance. Since then, the unobligated balance has steadily grown and stood at $350 million in April 2025. Acting Director Vought has previously indicated his intention to draw down these funds for FY2025 expenses.[31] Dodd-Frank specifically authorizes investment of prior year unused amounts in the Bureau Fund with investment returns being credited to the fund.[32]

[31] Vought, letter to Powell.

[32] 12 U.S.C. §5497(b)(3).

Figure 6. Bureau Fund Unobligated Balances

FY2011-FY2024, FY2025:Q2



Source: CRS. Data from CFPB annual financial reports. *Data for FY2025:Q2 as of April 15, 2025, and according to OMB SF 133.

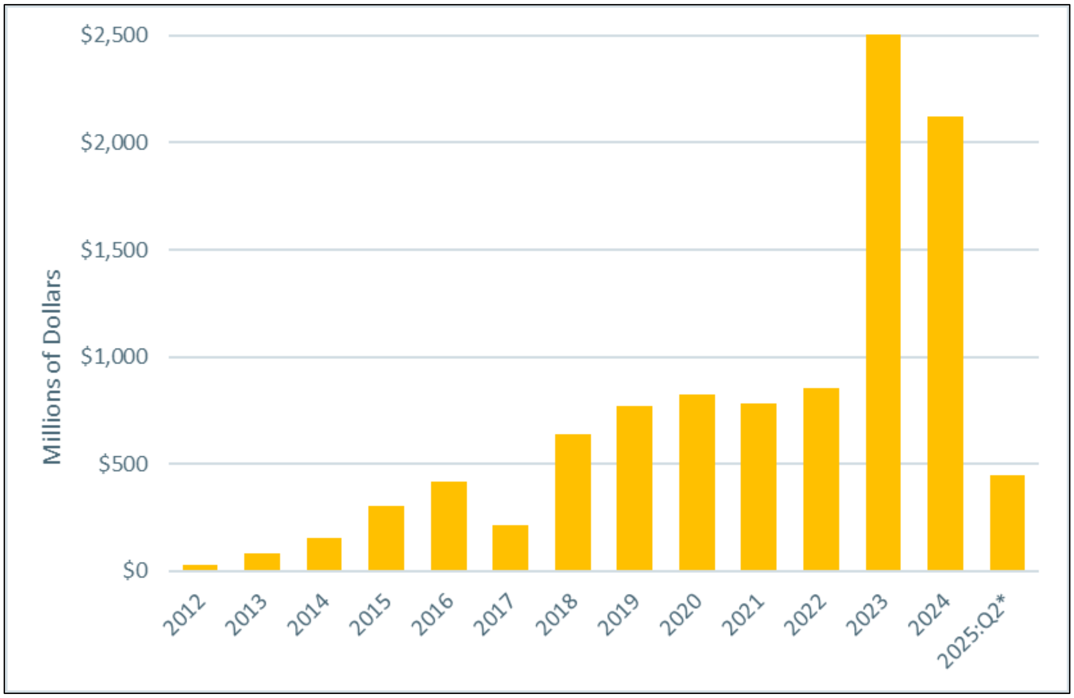
Figure 7 depicts the amount in the Civil Penalty Fund collected from financial institutions in response to enforcement actions. The CFPB received a particularly large civil penalty payment of $1.7 billion in FY2023 from Wells Fargo, which is reflected in the growth in unobligated balances in FY2023.[33] These unobligated balances are generally paid out to consumers. After compensating victims of direct enforcement actions, which is often done through direct consumer redress, the CFPB can generally utilize penalties from one firm for victims of another enforcement action or for consumer education and financial literacy. For example, the CFPB recently ordered large payments from the Civil Penalty Fund to victims of credit repair companies.[34] These distributions caused the decline in the Civil Penalty Fund from the end of FY2024 to FY2025:Q2.

[33] CFPB, "CFPB Orders Wells Fargo to Pay $3.7 Billion for Widespread Mismanagement of Auto Loans, Mortgages, and Deposit Accounts," press release, December 20, 2022, https://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-wells-fargo-to-pay-37-billion-for-widespread-mismanagement-of-auto-loans-mortgages-and-deposit-accounts/. In FY2025, the CFPB will distribute $1.8 billion to consumers allegedly harmed by credit repair companies.

[34] See CFPB, "CFPB Announces Return of $1.8 Billion in Illegal Junk Fees to 4.3 Million Americans Harmed in Massive Credit Repair Scheme," press release, December 5, 2024, https://www.consumerfinance.gov/about-us/newsroom/cfpb-announces-return-of-1-8-billion-in-illegal-junk-fees-to-4-3-million-americans-harmed-in-massive-credit-repair-scheme/.

Figure 7. Civil Penalty Fund Unobligated Balances

FY2012-FY2024, FY2025:Q2



Source: CRS. Data from CFPB annual financial reports.

*Data for FY2025:Q2 as of April 15, 2025, and according to OMB SF 133.

Figure 8 shows the number of CFPB employees over time. The CFPB's full-time equivalent employee count was 663 at the end of FY2011.[35] This rose to 970 employees the next year.[36] While the CFPB was created as a new agency, some of these employees were transferred from the other regulators that had previously been responsible for enforcing consumer financial protection laws that were now under the purview of the CFPB. As of July 2011, roughly half of the 500 staff hired in the previous year were transferred from other agencies.[37] By FY2024, the CFPB reported 1,758 employees.[38] Acting Director Vought has attempted to reduce the CFPB's staff from roughly 1,700 to 200 in an attempt to "right size" the agency.[39] This is the subject of ongoing litigation, and the reduction is currently stayed by the U.S. District Court.[40] This reduction in

[35] CFPB, *Growing Our Human Capital: Annual Report to Congress*, December 2012, p. 6, https://files.consumerfinance.gov/f/201212_cfpb_human_capital_1067.pdf.

[36] CFPB, *Financial Report of the Consumer Financial Protection Bureau: Fiscal Year 2012*, p. 37, https://files.consumerfinance.gov/f/201211_cfpb_financial-report-fy-2012.pdf.

[37] CFPB, "CFPB Issues Report on Agency Progress," July 18, 2011, https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-report-on-agency-progress/.

[38] CFPB, *Financial Report of the Consumer Financial Protection Bureau: Fiscal Year 2024*, November 14, 2024, p. 8, https://files.consumerfinance.gov/f/documents/cfpb_financial-report-fy-2024.pdf.

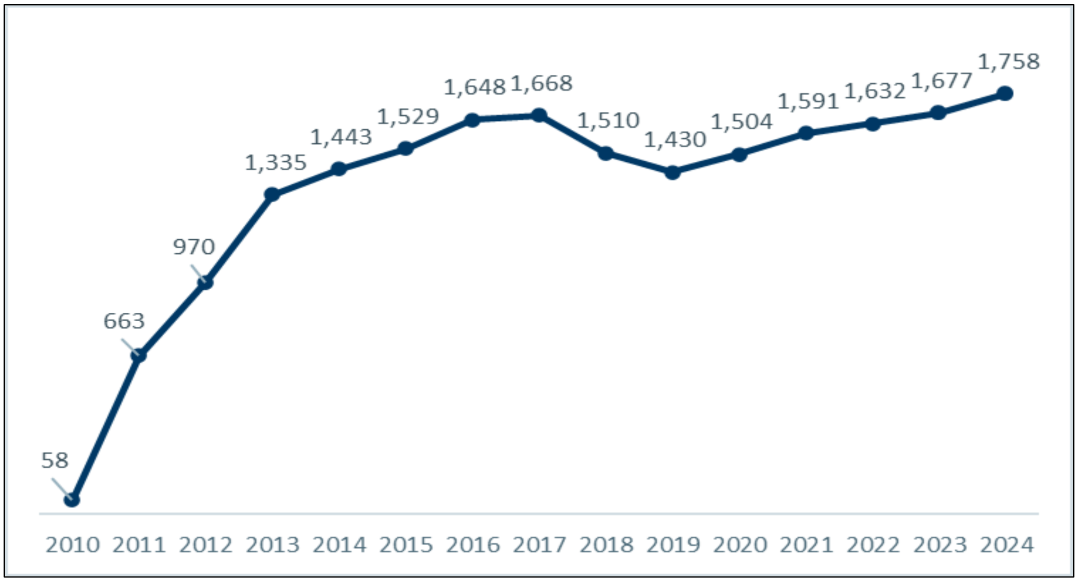
[39] *National Treasury Employees Union, et al., v. Russell Vought in his official capacity as Acting Director of the Consumer Financial Protection Bureau, et al.*, 1:25 109 4 (United States District Court for the District of Columbia 2025).

[40] *National Treasury Employees Union, et al., v. Russell Vought in his official capacity as Acting Director of the Consumer Financial Protection Bureau, et al.*, 1:25 140 (United States District Court for the District of Columbia 2025).

workforce would substantially decrease the CFPB's budgetary needs and could impact some of its operations.

Figure 8. CFPB Employees

FY2010-FY2024



Source: CRS. Data from CFPB annual financial reports.

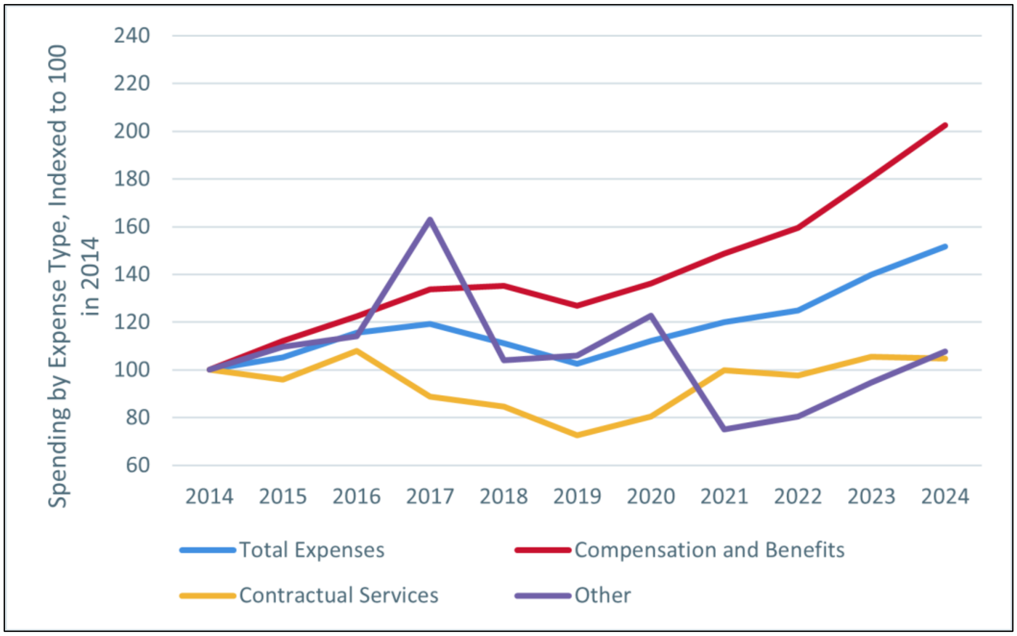
Changes in CFPB Spending by Type and Division

Figure 9 breaks down CFPB spending by expense category. Broadly, this figure distinguishes these categories into three different groups: compensation and benefits for employees, contractual services, and other types of spending—such as equipment, rents, supplies, and travel. In FY2024, 64% of total spending was on compensation and benefits, 28% on contractual services, and 8% on other expenses. Additionally, this figure features one line showing the growth in total CFPB spending adjusted using a deflator for growth in total nondefense outlays to adjust for rising salaries and other costs.

Relative to FY2014 spending for these three spending categories, spending on salaries and benefits increased roughly 100% by FY2025 (58% adjusted for overall spending inflation) and has driven the overall growth in spending during this time period. Contracting spending was roughly flat from FY2014 to FY2024. Other expenses declined during this time period.

Figure 9. Growth in CFPB Spending by Type

Indexed to 100 in FY2014 (FY2014-FY2024)



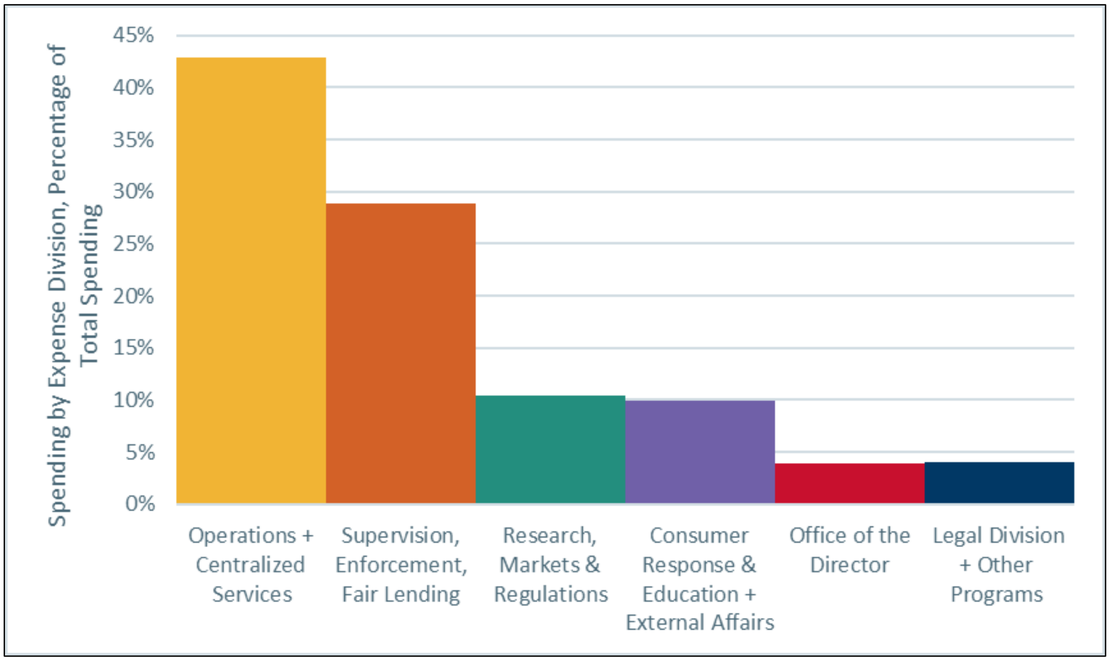
Source: CRS. Data from CFPB annual financial reports.

In FY2023, the CFPB reported spending by eight different divisions, which this report further categorizes into six categories to ensure consistency over time with similar themes.[41]

Figure 10 shows the distribution of these different divisions by share of total spending in FY2024, the most recent fiscal year at the time of this report. The Operations and Centralized Services division represents the highest share of CFPB spending, followed by the Supervision, Enforcement, and Fair Lending division, which together account for just over 70% of total spending.

[41] The Operations division maintains the CFPB's physical infrastructure, technology, and human capital. For the purposes of analysis, this is combined with centralized services, which provides administrative and operations services to all the other divisions. The Supervision, Enforcement, and Fair Lending division focuses on the supervision of financial institutions to ensure compliance with and enforce federal law. The Research, Markets, and Regulations division largely focuses on the rulemaking function of the CFPB while also monitoring markets for potential compliance risk and publishing related consumer finance research. The Consumer Response and Education division provides financial literacy and education programs and runs the CFPB complaint portal. For the purposes of this analysis, it is combined with External Affairs, which focuses on CFPB relations with external stakeholders. The Office of the Director includes the director, other political appointees, and associated support staff. There are a few other smaller components of the CFPB, including the Legal Division and "Other Programs."

Figure 10. Distribution of Spending by Division, CFPB: FY2024



Source: CFPB, *CFO Update Through the Fourth Quarter of Fiscal Year 2024*, January 3, 2025, p. 2, https://files.consumerfinance.gov/f/documents/cfpb_cfo-update-for-q4-fy-2024_2025-01.pdf. Compiled by CRS.

Figure 11 depicts these changes over time after indexing CFPB spending to 100 in FY2014, when CFPB overall spending began roughly leveling out. Of note:

- The Office of the Director had the highest indexed growth during this time period. Recent directors have tended to hire additional politically appointed advisors in the Office of the Director. The move toward relying on non-Senate-confirmed political appointees has at times drawn criticism.[42]
  - This initial budget growth largely happened from FY2018 to FY2020, as the CFPB entered a transition period with Acting Director Mulvaney and permanent Director Kraninger.
  - From FY2021 to FY2024, this spending nearly doubled again under Director Rohit Chopra, who similarly hired political advisers.
- Spending in the Research, Markets, and Regulations (RMR), Legal Division and Other Programs, and Consumer Response and Education/External Affairs divisions more than doubled from FY2014 to FY2024 but exhibited different growth patterns.
  - RMR spending accelerated from FY2022 to FY2024 with nearly an 80% increase during that time period. This might be a reflection of the CFPB's above-average number of rules or other forms of policy guidance under Director Chopra.
  - Spending in the Consumer Response and Education and External Affairs divisions grew rapidly between FY2017 and FY2018. The spending in this

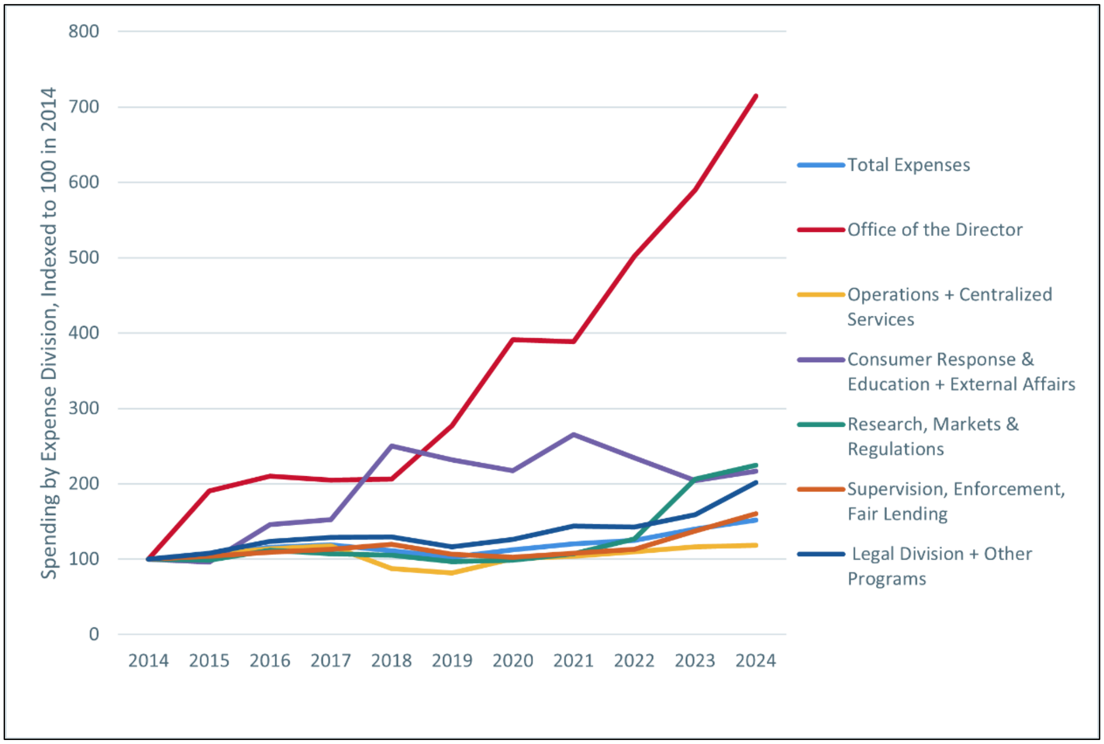
[42] Eric Katz, "Biden Employs Aggressive Strategy to Sideline Top Career Officials at Consumer Protection Bureau," *Government Executive*, June 14, 2021; Ali Rogin, "Big Salaries for Political Appointees at Agency Where Mulvaney Pledged to Cut Costs," *ABC News*, April 10, 2018.

category declined from FY2021 to FY2023, the only category with declining spending during this time. There was a 6% increase in spending from FY2023 to FY2024 in this category.

- Increases in spending among the remaining divisions was more modest from FY2014 to FY2024.
    - The Supervision, Enforcement, and Fair Lending division featured 17% spending growth from FY2023 to FY2024, reflecting an increase in the number of enforcement attorneys, among other positions.[43]

Figure 11. Growth in CFPB Spending by Division

Indexed to 100 in FY2014 (FY2014-FY2024)



Source: CFPB financial reports. Data compiled by CRS.

Comparison to Other Regulators

Funding Source

Most financial regulators generate income and their budgets from various sources, particularly fees or assessments on entities that they oversee. For example, the Office of the Comptroller of the Currency (OCC) and Federal Housing Finance Agency (FHFA) primarily generate income from fees levied on regulated entities, whereas the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) primarily generate income from deposit insurance premiums. The Federal Reserve is unique in that its income is primarily derived from

[43] Kate Berry, "CFPB Plans to Hire 50% More Enforcement Attorneys, Support Staff," *American Banker*, October 5, 2023.

securities—mainly Treasury securities and mortgage-backed securities—that it purchased in the conduct of monetary policy. It also earns interest on loans and charges market prices for market services it offers (e.g., check clearing). The two financial regulators that do not largely raise their own revenues are the Commodity Futures Trading Commission (CFTC) and the CFPB. The CFTC's funding is appropriated from Treasury's general revenues, while, as noted earlier, the CFPB's funding is transferred from the Federal Reserve's revenues.

Even when an agency's funding comes primarily from fees or assessments, however, the spending of these funds may be subject to congressional approval, as is the case for the Securities and Exchange Commission (SEC). Other financial regulators have more autonomy to determine their own budgets, typically subject to some general language regarding proportionality of budget and mission. For example, the OCC "may collect an assessment, fee, or other charge … as the Comptroller determines is necessary or appropriate to carry out the responsibilities of the Office."[44] Even for such agencies, however, Congress may limit the size of the overall budget, as detailed above with the CFPB's authorizing statute.

Most financial regulators are not subject to the regular congressional appropriation and authorization processes, as described in **Table 1**. The two financial regulators whose funding is determined primarily through the appropriations process and require periodic reauthorization are the CFTC and the SEC.[45] Different funding structures across regulators with similar missions have led to congressional proposals to make funding structures more uniform, as funding methods are a major determinant of the agency's independence.[46] The agency spending represents the funding for the entire agency, and often these feature very different missions, meaning this overall spending has limited comparability.

Table 1. Financial Regulatory Agency Funding

Regulator	Agency Spending ($mil/yr) Spending Type	Subject to Annual Appropriations/ Periodic Reauthorization	Primary Revenue Source
Commodity Futures Trading Commission	$441, Gross Costs (FY2024)	Yes/Yes, latest authorization expired Sept. 30, 2013.	Treasury's General Fund per congressional appropriation.
Consumer Financial Protection Bureau	$748, Bureau Fund Program Costs (FY2024)	No/No	Transfer from Federal Reserve System limited to 12% of the Fed's operating expenses.

[44] 12 U.S.C. §16.

[45] The SEC is funded through the Financial Services and General Government (FSGG) appropriations bill. The CFTC funding is split, appearing in the FSGG bill in the Senate and the Agriculture appropriations bill in the House. The FDIC (for its inspector general) and NCUA (for the Community Development Revolving Loan Fund Program) also receive minor funding through the FSGG bill.

[46] See, for example, H.R. 10 in the 115th Congress, which would have brought the FDIC, FHFA, NCUA, OCC, and non-monetary policy functions of the Federal Reserve into the appropriations process. The bill passed the House on June 8, 2017, but was not taken up by the Senate.

Regulator	Agency Spending ($mil/yr) Spending Type	Subject to Annual Appropriations/ Periodic Reauthorization	Primary Revenue Source
Federal Deposit Insurance Corporation	$2,485, Expenditures (FY2024)	No/No	Deposit insurance premiums determined by FDIC in order to meet a reserve ratio set by FDIC (with a statutory minimum of 1.35% of insured deposits).
Federal Housing Finance Agency	$407, Gross Program Costs (FY2024)	No/No	Fees and assessments on regulated institutions. Amounts determined by FHFA.
Federal Reserve	$7,724, Operating Expenses (CY2023)	No/No	Income on securities and loans held by Federal Reserve. The Federal Reserve also charges fees to cover the costs of business services it offers.
National Credit Union Administration	$375, Operating Budget (CY2024)	No/No	Deposit insurance premiums determined by NCUA in order to meet a reserve ratio set by NCUA (with a statutory minimum of 1.2% of insured deposits).
Office of the Comptroller of the Currency	$1,336, Total Program Costs (FY2024)	No/No	Fees on regulated institutions. Amounts determined by OCC.
Securities and Exchange Commission	$3,128, Total Program Costs (FY2024)	Yes, except for $100 million reserve fund/Yes, latest authorization expired Dec. 31, 2015.	Fees and assessments on regulated entities. Amounts set to meet congressional appropriation.

Sources: CFTC, *FY 2024 Agency Financial Report*, p. 37, https://www.cftc.gov/About/CFTCReports/index.htm; CFPB, *Financial Report of the Consumer Financial Protection Bureau Fiscal Year 2024*, November 14, 2024, p. 94, https://files.consumerfinance.gov/f/documents/cfpb_financial-report-fy-2024.pdf; FDIC, *FDIC Annual Report 2024*, p. 67, https://www.fdic.gov/financial-reports/2024-annual-report-full-report.pdf; FHFA, *FHFA FY 2024 Performance and Accountability Report*, p. 79, https://www.fhfa.gov/document/fhfa-fy-2024-performance-and-accountability-report; Federal Reserve, *2023 Annual Report*, p. 148, https://www.federalreserve.gov/publications/files/2023-annual-report.pdf; NCUA, *2024 NCUA Annual Report*, March 18, 2025, p. 2, https://ncua.gov/files/annual-reports/annual-report-2024.pdf; OCC, *2024 Annual Report*, p. 49, https://www.occ.treas.gov/publications-and-resources/publications/annual-report/files/2024-annual-report.html; SEC, *Fiscal Year 2024 Agency Financial Report*, p. 73, https://www.sec.gov/files/sec-2024-agency-financial-report.pdf. This table is adapted from page 30 of CRS Report R43391, *Independence of Federal Financial Regulators: Structure, Funding, and Other Issues*, by Henry B. Hogue, Marc Labonte, and Baird Webel.

Notes: FY = fiscal year. CY = calendar year. The FDIC (for its inspector general) and NCUA (for the Community Development Revolving Loan Fund Program) also receive minor funding through appropriations. Agency spending does not include claims for deposit insurance through the FDIC or NCUA or interest expenses for the Fed. The Federal Reserve has yet to release its 2024 annual report, so the figure listed is for CY2023.

Overall Budget Trends

This section compares budget trends in the CFPB to those of other financial regulators. This comparison is complicated, because other regulators often have different funding structures and missions relative to the CFPB. For example, the Federal Reserve has substantial staff and resources focused on its authority over monetary policy, while the FDIC has a large focus on depository insurance. Therefore, this analysis also explicitly compares the spending from the supervisory divisions of five different regulators. The regulators included were the relatively larger ones identified in **Table 1** where identifying the supervisory division of the agency was straightforward.

Table 2 features the annualized growth in spending by regulator during three select time frames to visualize these changes over time and roughly matching changes in CFPB and other regulators' leadership. Examining the growth rates by period, the CFPB had 154% annualized growth from 2011 to 2014 with the establishment of the bureau and acceleration of hiring. From 2014 to 2017, the CFPB had more modest increases in spending but above-median growth at 5.8%. From 2017 to 2020, the CFPB had below-median growth among the federal regulators, as spending slowed with a hiring freeze.[47] From 2020 to 2024, the CFPB had the highest growth rate, surpassed only by the FDIC, whose spending accelerated in FY2023 due largely to three substantial bank failures.[48]

Table 2. Annualized Growth in Spending by Regulator

Regulator	2011-2014	2014-2017	2017-2020	2020-2024
CFPB	153.8%	5.8%	-1.3%	9.6%
OCC	8.7%	2.5%	-1.7%	5.9%
SEC	8.5%	13.0%	4.8%	9.1%
FDIC	-8.3%	-3.2%	0.0%	7.7%
Federal Reserve	5.2%	4.1%	4.5%	6.7%[a]
Median	**8.5%**	**4.1%**	**0.0%**	**7.7%**

Source: Data compiled by CRS. Budget information is from these agencies' annual reports.

Notes: All spending growth data is for expenses. All data is using fiscal years, excluding the Federal Reserve, which reports budgetary information on a calendar-year basis.

a. Federal Reserve data in the rightmost column is for 2020-2023, as 2024 data has not yet been released.

Figure 12 graphs the overall spending trends of each regulator indexed to 100 in 2014. Relative to other regulators' 2014 spending levels, as of 2023 the CFPB is ranked third in terms of indexed growth during this time period. The CFPB overall spending shows fairly strong cyclicality associated with changing Administrations, with nearly 20% reductions between FY2017 and FY2019 and subsequent 40% increases from FY2019 to FY2023. FDIC spending shows a large spike between FY2022 and FY2023 associated with the additional expenses related to the failures of First Republic Bank, Silicon Valley Bank and Signature Bank.[49] The SEC shows a rapid

[47] CFPB, "Hiring, Promotion, and Internal Personnel Movements Policy," January 17, 2018, p. 32, https://files.consumerfinance.gov/f/documents/cfpb_hiring-promotion-internal-personnel-movements-policy_foia_2021-05.pdf.

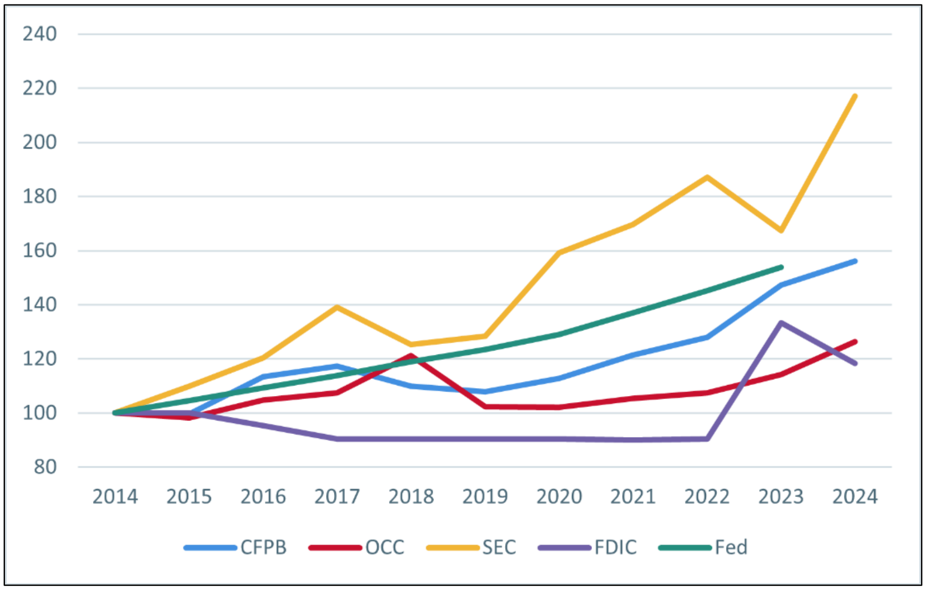
[48] For more on these bank failures, see CRS Insight IN12125, *Silicon Valley Bank and Signature Bank Failures*, by Andrew P. Scott and Marc Labonte.

[49] FDIC, *2023 Annual Report*, pp. 21-22, https://www.fdic.gov/about/financial-reports/reports/2023annualreport/2023-arfinal.pdf.

acceleration in spending relative to regulatory peers between FY2014 and FY2017, FY2019 and FY2022, and FY2023 and FY2024. The growth in SEC spending between FY2023 and FY2024 was driven by a rapid growth in Enforcement spending.[50]

Figure 12. Overall Spending Growth by Regulator

Indexed to 100 in 2014



Source: Data compiled by CRS. Budget information is from these agencies' annual reports.

Notes: All spending growth data is for expenses. All data is using fiscal years, excluding the Federal Reserve, which reports budgetary information on a calendar-year basis. The Federal Reserve has not yet reported 2024 spending.

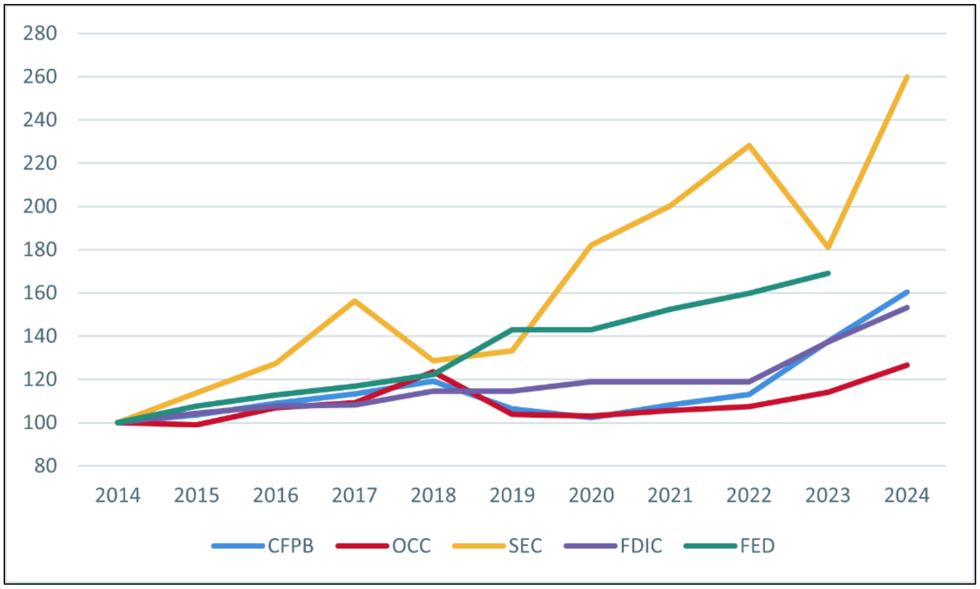
CFPB = Consumer Financial Protection Bureau; OCC = Office of the Comptroller of the Currency; SEC = Securities and Exchange Commission; FDIC = Federal Deposit Insurance Corporation; Fed = Federal Reserve.

Figure 13 graphs the supervisory division spending trends for each regulator indexed to 100 in 2014. Overall, it outlines fairly consistent patterns with the previous graph. One main difference is that CFPB growth in spending on the supervisory division is lower than its overall spending.

[50] U.S. Securities and Exchange Commission, *Fiscal Year 2024, Agency Financial Report*, p. 79, https://www.sec.gov/files/sec-2024-agency-financial-report.pdf#page=79.

Figure 13. Supervisory Division Budgetary Growth by Regulator

Indexed to 100 in 2014



Source: Data compiled by CRS. Budget information is from these agencies' annual reports.

Notes: All spending growth data is for except the CFPB, which is for obligations. All data is using fiscal years, excluding the Federal Reserve, which reports budgetary information on a calendar-year basis. The Federal Reserve has not yet reported 2024 spending.

CFPB = Consumer Financial Protection Bureau; OCC = Office of the Comptroller of the Currency; SEC = Securities and Exchange Commission; FDIC = Federal Deposit Insurance Corporation; Fed = Federal Reserve.

Policy Options and Legislation: 119th Congress

Since the creation of the CFPB, Members of Congress have continued to debate various policy options regarding the funding structure and other aspects of the agency in order to either further strengthen its independence or bring it under tighter congressional control. Discussed below is legislation from the 119th Congress. Legislation considered on the floor of either the House or the Senate is discussed in detail first. Other introduced legislation is organized around a few broad policy options. Legislation introduced in the 118th Congress is discussed in the **Appendix**.

One Big Beautiful Bill Act: Provisions Related to CFPB Funding[51]

On May 22, 2025, the House passed H.R. 1, the One Big Beautiful Bill Act, providing for budget reconciliation pursuant to H.Con.Res. 14, the budget resolution for FY2025. Title V (House Committee on Financial Services) of H.R. 1 would reduce the cap on funding that the CFPB could request annually from the Federal Reserve and mandate that the CFPB transfer certain unobligated balances to the Treasury General Fund. For more information on Title V of H.R. 1, see CRS Insight IN12552, *One Big Beautiful Bill Act: Title V, House Committee on Financial Services*. The below analysis reflections the version of the bill passed by the House.

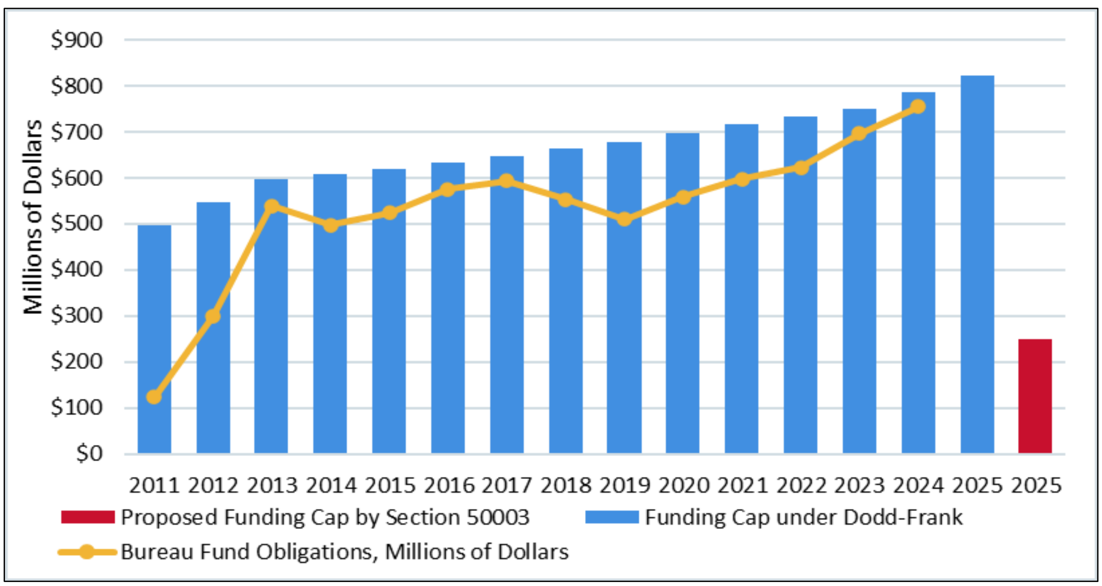
[51] This section is adapted from CRS Insight IN12551, *One Big Beautiful Bill Act: Title V, Provisions Related to CFPB Funding*, by Karl E. Schneider and Baird Webel.

The budget reconciliation process allows Congress to develop and consider certain legislation affecting direct spending, revenues, and/or the debt limit using expedited procedures.[52] H.Con.Res. 14 included a reconciliation directive to the House Committee on Financial Services to develop and submit changes in laws within its jurisdiction that would reduce the deficit by at least $1 billion over FY2025-FY2034.[53] In total, according to estimates from the Congressional Budget Office (CBO), the provisions impacting the CFPB funding would reduce the deficit by roughly $3.9 billion over 10 years.[54]

Section 50003

This section would revise the CFPB funding cap for FY2025 and future years by capping funding requests at 5% of total Federal Reserve FY2009 operating expenses ($4.98 billion), which translates to $249 million in FY2025, with an employment cost index adjustment moving forward. The proposed change would decrease the funding cap in FY2025 from $823 million, as depicted in **Figure 14**. This revised funding cap would accommodate CFPB spending in nominal terms at slightly below FY2012 levels ($299 million) and would likely necessitate a reduction in staff, similar to the one currently being proposed by acting agency leadership, and/or a decrease in other spending obligations.

Figure 14. CFPB Funding Cap Under Dodd-Frank and Proposed by Section 50003 of the One Big Beautiful Bill Act, FY2011-FY2025



Source: Data compiled by CRS from CFPB annual financial reports and calculated using the information from H.R. 1.

Section 50003 would also limit the total unobligated balances that the CFPB could hold in the Bureau Fund to 5% of the revised funding cap and transfer the remaining balance to the Treasury

[52] CRS Report R48444, *The Reconciliation Process: Frequently Asked Questions*, by Tori Gorman.

[53] For more on reconciliation directives generally, see CRS Report R41186, *Reconciliation Directives: Components and Enforcement*, by Megan S. Lynch. For more on these specific reconciliation instructions, see CRS Report R48474, *Reconciliation Instructions in the House and Senate FY2025 Budget Resolutions: In Brief*, by Drew C. Aherne and Megan S. Lynch.

[54] Congressional Budget Office, *Reconciliation Recommendations of the House Committee on Financial Services*, May 7, 2025, https://www.cbo.gov/publication/61379.

General Fund. Using the FY2025 funding cap proposed by H.R. 1 ($249 million), this would cap the Bureau Fund unobligated balances at $12 million (see **Figure 15**). If there has been no change in the $350 million in unobligated balances in April 2025, this section would result in a one-time transfer of roughly $338 million.[55] These unobligated balances could be reduced based on acting leadership deciding to draw down the existing unobligated balances.

This provision limiting the unobligated balances in the Bureau Fund closely mirrors provisions in H.R. 3141, which would similarly limit the Bureau Fund unobligated balances to 5% of the funding cap. H.R. 3141 did not have the associated reduction in the overall funding cap but would have required a report on the CFPB's usage of unobligated balances.

In total over 10 years, CBO estimates that this section would reduce the deficit by roughly $3.9 billion, nearly the complete impact of the CFPB-related provisions.[56] Since FY2023, the Federal Reserve has stopped remittances of excess income to the Treasury General Fund because it has operated at a net loss.[57] Transfers to the CFPB have continued during that time and counted as "deferred assets" on Fed accounts.[58] Because remittances are not to resume until the Fed has returned to positive net income and recovered previously accumulated net losses, which CBO estimates will occur in FY2030, there may be little deficit reduction until that time. Over 10 years, this appears to have no material impact on the magnitude of the CBO deficit reduction estimates.

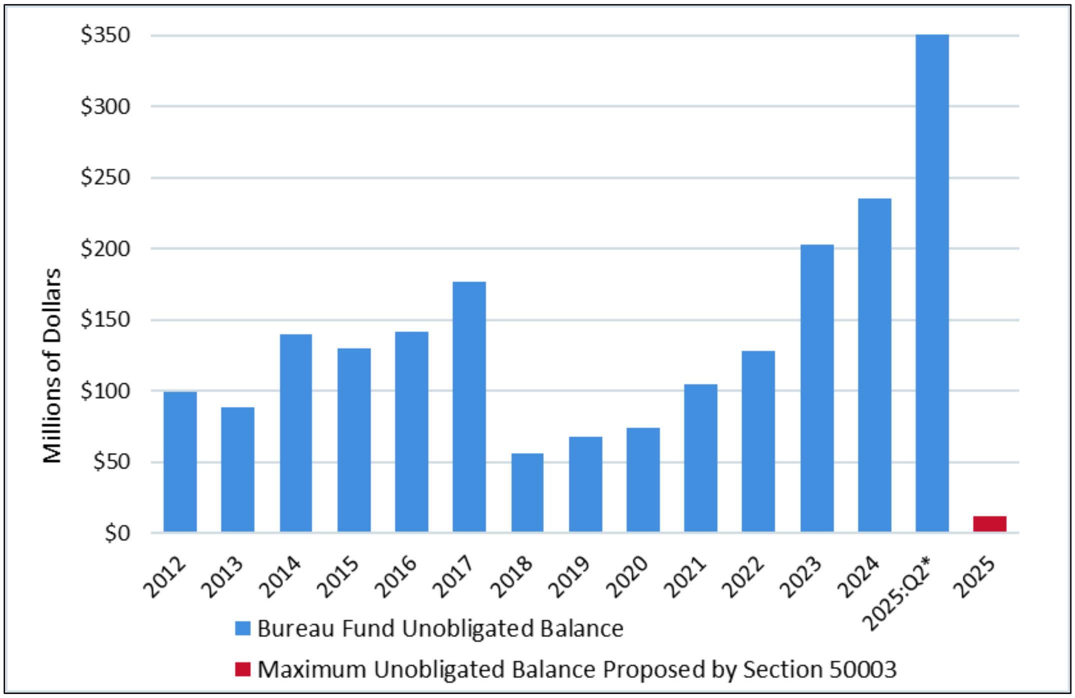
[55] Office of Managment and Budget, *FY 2025 Period 06 Unobligated Balances in Unexpired Accounts*, April 18, 2025, https://view.officeapps.live.com/op/view.aspx?src= https%3A%2F%2Fportal.max.gov%2Fportal%2Fdocument%2FSF133%2FBudget%2Fattachments%2F2580777874%2F2619342949.xlsx&wdOrigin=BROWSELINK.

[56] Congressional Budget Office, *Reconciliation Recommendations of the House Committee on Financial Services*.

[57] CRS Insight IN12081, *Why Is the Federal Reserve Operating at a Loss?*, by Marc Labonte.

[58] For a discussion on Federal Reserve deferred assets generally, see Federal Reserve System, Federal Reserve Banks Combined Financial Statements, As of and for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report , March 12, 2025, p. 22, https://www.federalreserve.gov/aboutthefed/files/combinedfinstmt2024.pdf.

Figure 15. Bureau Fund Unobligated Balance Trends and Maximum Amount Proposed by Section 50003 of the One Big Beautiful Bill Act, FY2012-FY2025



Source: Data compiled by CRS from CFPB annual financial reports and calculated using information from H.R. 1.

*Data for FY2025:Q2 as of April 15, 2025, and according to OMB SF 133.

Section 50004

This section would limit the types of payments from the Civil Penalty Fund and treatment of its unobligated balances. In sum, these provisions would limit distributions from the fund solely to payments to victims directly affected by the subject of particular enforcement actions, as opposed to using those funds to pay affected consumers in other cases or for consumer education and financial literacy. The remaining unobligated balance after paying those direct victims would be transferred to the General Fund of the Treasury. As of April 2025, the unobligated balances in the Civil Penalty Fund stood at $428 million.[59] In total over 10 years, CBO estimates that this section would reduce the deficit by $9 million.

Other Policy Options

Leave CFPB Funding Unchanged

While bills have been introduced to change the CFPB's funding structure, Congress can choose to leave the CFPB's funding unchanged. Some current and former Members of Congress have previously argued that leaving the CFPB's funding structure unchanged would "ensure

[59] Office of Managment and Budget, *FY 2025 Period 06 Unobligated Balances in Unexpired Accounts*, April 18, 2025, https://view.officeapps.live.com/op/view.aspx?src= https%3A%2F%2Fportal.max.gov%2Fportal%2Fdocument%2FSF133%2FBudget%2Fattachments%2F2580777874%2F2619342949.xlsx&wdOrigin=BROWSELINK.

predictable funding [for the CFPB], while maintaining political accountability."[60] Some supporters argue that the CFPB's current budgetary design was created to promote independence from Congress and the executive branch and ensure stability in financial markets.[61]

Legislation that has been enacted has not included such changes, even when earlier versions of bills would have changed CFPB funding. For example, the FY2024 Financial Services and General Government (FSGG) appropriations bill, enacted as Division B of P.L. 118-47, did not include language changing the funding structure, although the version considered by the House (H.R. 4664, 118th Congress) did include such language.

Some Members of Congress have disagreed with the recent actions by Acting Director Vought to substantially decrease the CFPB head count. H.Res. 259 seeks to inquire into CFPB correspondence with the Department of Government Efficiency and actions to decrease employee head count.

Make the CFPB a Congressionally Appropriated Agency

One specific reform that Congress has considered numerous times in past Congresses is to make the CFPB a congressionally appropriated agency, similar to the SEC and CFTC and most other nonfinancial agencies. Some current and former Members of Congress have previously argued that the CFPB's independent funding structure has enabled "broad," "potent," and "knee-buckling" regulatory action.[62] Some supporters of this change argue that such a change might make the CFPB more accountable to Congress and the American people.[63]

Congress does not necessarily need to reduce the budget of the CFPB if it is congressionally appropriated, although some previously introduced bills do both. Bills introduced in the 119th Congress that would move the CFPB to congressional appropriations included the following:

H.R. 654, a bill with a number of CFPB reforms, in Section 3 would bring the CFPB into regular appropriations and authorize appropriations in FY2026 and FY2027. It provides no specific amount for future appropriations. This bill would also make the CFPB an agency independent of the Federal Reserve and rename the agency as the Consumer Financial Empowerment Agency.

Some bills have passed the House in previous Congresses with provisions that would have shifted the CFPB funding to appropriations. For example, H.R. 10 in the 115th Congress would have broadly modified Dodd-Frank, including renaming the CFPB as the Consumer Law Enforcement Agency. Section 712 of this bill would have brought the agency into congressional appropriations.

Functionally Eliminate the CFPB

Some Members of Congress have called for the CFPB to be eliminated entirely, arguing that the agency was "unaccountable" and "creating burdensome rules" and that eliminating the agency

---

[60] *Consumer Financial Protection Bureau, et al. v. Community Financial Services Association of America, Limited, et al.*, 22-448 (2023). Brief of Current and Former Members of Congress as Amici Curiae in Support of Petitioners. https://www.supremecourt.gov/DocketPDF/22/22-448/266847/20230515125025604_CFPB%20Congress%20Amicus%20Final.pdf.

[61] Shahid Naeem and Joe Gaeta, "The War on the Consumer Financial Protection Bureau: CFPB v. Community Financial Services of America," American Economic Liberties Project, August 31, 2023.

[62] *Consumer Financial Protection Bureau, et al. v. Community Financial Services Association of America, Limited, et al.*, 22-448 (2023). Brief of 132 Members of Congress as Amici Curiae in Support of Respondents. https://www.banking.senate.gov/imo/media/doc/amicus_brief_-_cfpb.pdf.

[63] See Johnson, testimony, April 16, 2024.

would "save American taxpayers billions of dollars."[64] Congress could also revise the statutorily mandated cap that Congress has imposed on the CFPB. Such a change could modify the amount of total funding the CFPB can request from the Federal Reserve in a given year. This approach to limit funding could, in effect, eliminate the CFPB, although to achieve that goal legislation could just eliminate the agency directly. While these are related, they are not necessarily the same thing. For example, changing the funding cap to $0 could potentially lead future policymakers to reconsider this cap and increase it to a higher level or lead policymakers to bring the CFPB under appropriations, while eliminating the CFPB would require reinstating the bureau altogether. S. 303 and H.R. 814 would change the funding cap to $0. H.R. 1603 would eliminate the CFPB.

[64] Rep. Keith Self, "Congressman Keith Self Introduces Bill to Eliminate CFPB Funding," press release, January 30, 2025, https://keithself.house.gov/media/press-releases/congressman-keith-self-introduces-bill-eliminate-cfpb-funding; Rep. Byron Donalds, "Donalds Leads Initiative to Eliminate Weaponized Bureaucracy, Unleash American Prosperity, and Abolish the CFPB," press release, February 26, 2025, https://donalds.house.gov/news/documentsingle.aspx?DocumentID=1762.

Appendix. Related Legislation in the 118th Congress

These bills are listed in chronological order.

- H.R. 1382 would have restructured the CFPB outside of the Federal Reserve system and renamed it the Consumer Financial Empowerment Agency. This agency would have been under congressional appropriations.
- H.R. 2798, a bill with a number of CFPB reforms, in Section 202 would have also brought the CFPB under congressional appropriations with a budget of $650 million for FY2024 but provided no appropriations for subsequent years. It would have mandated that the CFPB transfer excess money accrued from penalties in the Civil Penalty Fund to the General Fund of the Treasury. In total, as depicted in **Figure 7**, the CFPB held approximately $1.9 billion in the Civil Penalty Fund in September 2023. This bill was reported by the House Committee on Financial Services (H.Rept. 118-297) in December 2023. According to a CBO score, this bill would have decreased net direct spending by $6.6 billion from FY2023 to FY2033.[65] The underlying bill, however, would have authorized appropriations for a single fiscal year, and this is the only future spending for the CFPB that appears in the estimate.
- H.R. 2937 and S. 1363 would have eliminated the CFPB completely.
- S. 2925 would have moved CFPB employees from those set by the director to those complying with General Schedule salaries. The median pay grade at the CFPB in the Washington, DC, metro area in 2024 makes approximately $29,000 more than the median pay grade on the General Schedule scale, and disparities exist for both the lowest and highest pay band as well.[66] A previous CBO score of a similar bill (H.R. 2385, 113th Congress) found that a change to the General Schedule pay scale would reduce direct spending by $280 million over 10 years.[67] This estimate would likely be higher now, as the CFPB has roughly 400 more employees in FY2024 than it did in FY2013.
- S. 3095 would have prohibited transfers from the Federal Reserve to the CFPB if the Federal Reserve operates at a loss in the most recent quarter. In some recent quarters as of 2024, the Federal Reserve has operated at a loss, meaning such transfers might have been prohibited under this proposal.[68]
- H.R. 8773, the House FY2025 FSGG appropriations bill, included a provision in Section 501 that would have brought the CFPB under congressional

[65] See CBO, H.R. 2798, *CFPB Transparency and Accountability Reform Act*, August 1, 2023, https://www.cbo.gov/system/files/2023-08/hr2798.pdf.

[66] This analysis excludes those pay grades designated as the Senior Executive Service. This comparison does not account for possible differences in the distribution of employees by pay band. With more publicly available data, this comparison could be more concrete. See CFPB, "CFPB Base Pay Band Ranges (Effective January 14, 2024)," January 14, 2024, https://www.consumerfinance.gov/about-us/careers/pay-scales/; Office of Personnel Management, "Pay and Leave: Salaries and Wages," January 2024, https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/DCB.aspx.

[67] See CBO, *H.R. 2385: CFPB Pay Fairness Act of 2013*, February 7, 2014, https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/costestimate/hr23853.pdf.

[68] For more on the Federal Reserve operating at a loss, see CRS Insight IN12081, *Why Is the Federal Reserve Operating at a Loss?*, by Marc Labonte. This bill is in line with arguments made in the recent litigation in *CFPB vs. Ace Cash Advance* that is discussed in more detail above. This lawsuit argues that the CFPB cannot receive transfers if the Federal Reserve is operating at a loss.

- appropriations and in Section 500 that would have authorized $650 million for the CFPB in FY2025.[69] If the full $650 million had been appropriated for FY2025, the CFPB's funding would be about $161 million less than the CFPB projected for its FY2025 budget by former Director Chopra. This bill was reported by the House Committee on Appropriations (H.Rept. 118-556) in June 2024.
- S. 4521 would have also brought the CFPB under congressional appropriations and mandated that the CFPB transfer excess civil penalty funds after paying victims of the CFPB enforcements actions.
- H.R. 8908 would have changed the funding cap to $1, which would functionally end the operations of the CFPB.
- H.R. 9877 would have limited the amount that the CFPB can hold in unobligated balances to 5% of the funding cap and would have mandated that the CFPB transfer excess funds to the Treasury. As of FY2023, that would mean the CFPB could hold $38 million in the Bureau Fund and would need to transfer $165 million to Treasury.

Author Information

Karl E. Schneider, Coordinator
Analyst in Financial Economics

Graham C. Tufts
Research Assistant

Baird Webel
Specialist in Financial Economics

Disclaimer

[69] For more on FSGG FY2025 specific to CFPB reforms, see CRS Insight IN12409, *Financial Services and General Government FY2025 Appropriations: CFPB's Funding and Structure Provisions*, by Karl E. Schneider and David H. Carpenter. For more on FSGG FY2025 appropriations more generally, see CRS Report R48188, *Financial Services and General Government (FSGG) FY2025 Appropriations: Overview*, by Baird Webel.